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C O N F I D E N T I A L SECTION 01 OF 02 COLOMBO 000551

SIPDIS

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LONDON FOR POL/RIEDEL

E.O. 12958: DECL: 04-01-13
TAGS: PGOV PTER MOPS CE NO JA LTTE
SUBJECT: GSL considering a referendum re federalism
later this year; Tigers suspected in another sea attack

Refs: Colombo 543, and previous

(U) Classified by Ambassador E. Ashley Wills.
Reasons: 1.5 (B,D).

1. (C) SUMMARY: In a March 29 conversation with the Ambassador, Minister Moragoda said the GSL was thinking of holding a referendum on federalism later this year. He commented that the PM believed the referendum idea could be a way to place opponents of the GSL's peace initiative on the defensive. Moragoda also said a report re the security zones in Jaffna will soon be out. In other developments, the Tigers have apparently struck again, attacking a navy ship late March 31. In our view, a referendum may be a way to move the peace process forward, but it needs careful planning or it could backfire. END SUMMARY.

Possible Referendum

2. (C) The Ambassador spoke March 29 with Milinda Moragoda, the Minister of Economic Reform and a key player in the Sri Lankan government on peace issues. Moragoda mentioned that the GSL is considering holding a peace-related referendum possibly in the September timeframe. The preliminary thinking is that the referendum would allow Sri Lankans to vote on whether they approve of a federalist-type negotiated solution to the conflict. The exact wording of the referendum has not been put together yet, Moragoda remarked, and would hinge in large part on the status of GSL discussions with the Liberation Tigers of Tamil Eelam (LTTE) on the federalism issue. (Note: The discussions re federalism only kicked off at the sixth round of talks held last month and are in their embryonic stage -- See Reftels.)

3. (C) Re the potential political ramifications of such a move, Moragoda commented that Prime Minister Wickremesinghe felt that such a referendum, if it was handled correctly, could win overwhelmingly. It would also have the benefit of placing anti-peace process elements in the south of the country on the defensive. The referendum process itself, Moragoda noted, is a relatively simple and straightforward one: All the government needs is a majority in Parliament to approve the text and it can then be taken to the public for a vote.

Report re Security Zones

4. (C) Moragoda also mentioned that a long-awaited report re the Sri Lankan government's controversial "high security zones" in Jaffna has been given to the GSL. (Note: The zones cover about 18 percent of the land area of Jaffna District. The LTTE and many Tamils have demanded that the zones be drastically decreased in size, but the military says it needs the zones for defensive purposes -- see Reftels.) The report was drafted by Satish Nambiar, a retired Indian general, who visited Sri Lanka earlier this year to assess the situation in Jaffna. Moragoda said the report, which the government was reviewing, was quite elaborate in that it provided for large-scale monitoring, including of heavy weapons, and for the shifting and consolidation of troops. Nambiar is due to visit Sri Lanka in late April to discuss the report with the government and the LTTE. (Note: The fact that the report is ready and has been given to the GSL is close-hold, and has not hit the press yet. Mission has not yet seen a copy of the report, although Moragoda said he would try to get us one.)

Another Sea Attack

15. (C) In another peace process-related development, the LTTE's sea wing has apparently struck again. The Sri Lanka Monitoring Mission (SLMM) has confirmed that several small boats fired upon a Sri Lankan naval transport vessel in waters just north of Trincomalee port late March 31. The attack left up to three sailors injured, one seriously. The ship, which was carrying 1,500 soldiers, was not seriously damaged and was reportedly able to continue its voyage to Jaffna. The SLMM reports that naval personnel fired back and the navy believed that one of the small boats may have been sunk. The SLMM could not confirm the claim.

16. (C) The SLMM is investigating the incident and reports that the LTTE has denied involvement in the attack in categorical terms. Observers we have spoken to believe that the LTTE's claim is ludicrous on its face. They assert that the group is almost certainly responsible for the attack, as the use of small boats in lightning raids fits the Sea Tigers' modus operandi perfectly. The attack also took place very near Sea Tiger bases on the northeast coast.

17. (C) (((Note: There have been other incidents recently in the same general area off the northeast coast: On March 20, for example, unidentified small boats attacked a Chinese fishing trawler in waters near the LTTE-controlled town of Mullaitivu. The boat sank, with the loss of 17 crew. As with the latest incident, the Tigers denied involvement. In its recently released report about the March 20 incident, the SLMM admitted that it could not come to any conclusion about what happened, with all sides denying they had instigated the attack. In private, SLMM contacts have told us they thought the LTTE was responsible. End Note.)))

COMMENT

18. (C) We are not sure how serious the GSL is about the referendum idea. It may be a trial balloon (there have been some press articles mentioning the idea in general terms of late). That said, a referendum could prove a way to move the peace process forward if it is put together carefully. A big win in a referendum, for example, could provide the GSL's peace initiative significant momentum. At the same time, the government must mull over the matter very carefully. If something goes wrong, the GSL's plans could backfire and the peace process suffer possibly irreparable harm. In any case, we expect that government insiders will debate this issue for some time before making a final decision on whether to go forward.

19. (C) Re the March 31 sea attack, we believe that the Sea Tigers are almost certainly the culpable party. As we have reported, the Sea Tigers are apparently on a hair trigger, waiting for the right opportunity to strike back at the Sri Lankan navy over the sinking of a LTTE resupply ship last month (see Reftels). END COMMENT.

110. (U) Minimize considered.

WILLS